

Message Text

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PAGE 01 REYKJA 00527 170018Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-07 LAB-04
NSAE-00 SIL-01 DODE-00 PA-01 USIA-06 PRS-01 SP-02
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TO SECSTATE WASHDC 7197
INFO COMICEDEFOR
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AMEMBASSY COPENHAGEN
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E.O. 11652: N/A
TAGS: ELAB, IC
SUBJECT: LABOR NEGOTIATIONS: NO SETTLEMENT IN SIGHT

REF: REYKJAVIK 0306 (DTG 011110Z MAR 77)

1. WIDE GAP EXISTS BETWEEN NEGOTIATING POSITIONS OF MANAGEMENT AND ICELANDIC FEDERATION OF LABOR WITH JUST OVER TWO WEEKS REMAINING BEFORE EXPIRATION OF THEIR CURRENT CONTRACT. IFL HAS URGED ITS INDIVIDUAL AFFILIATES TO PROVIDE FEDERATION DISCRETIONARY AUTHORIZATION TO CALL GENERAL STRIKE AFTER PACT RUNS OUT MAY 1.

2. KEY ISSUES SEPARATING TWO SIDES ARE LABOR'S DEMANDS FOR: (1) 100,000 KRONUR MINIMUM MONTHLY WAGE (WHICH WOULD REPRESENT 58 PERCENT HIKE FOR LOWEST PAID), PLUS INCREASINGLY SMALLER PERCENTAGE INCREASES UP THROUGH REST OF PAY SCALE; AND (2) INSURANCE AGAINST CONTINUED PRICE INCREASES IN FORM OF MORE DIRECT LINK BETWEEN WAGES AND COST

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PAGE 02 REYKJA 00527 170018Z

OF LIVING DURING LIFE OF NEW AGREEMENT. EMPLOYERS, BACKED BY GOI, MAINTAIN THAT SETTLEMENT ON SUCH TERMS WOULD CONSTITUTE OVERALL PAY RAISE ON ORDER OF 40-60 PERCENT AND WOULD BE DISASTROUSLY INFLATIONARY. LABOR RETORTS THAT 2-1/2 YEARS OF COOPERATION WITH GOVERNMENT AND MANAGEMENT ANTI-INFLATION EFFORTS HAVE PRODUCED ONLY CONTINUING CUSTS IN PURCHASING POWER AND

THAT TIME HAS NOW COME TO REMEDY SITUATION.

3. TALKS ARE FURTHER COMPLICATED BY FACT THAT IFL IS NEGOTIATING ON BEHALF OF SOME 180-ODD AFFILIATES WITH WHICH IT MUST CONSTANTLY CONSULT. MANY OF THE AFFILIATES HAVE ALSO FORWARDED SO-CALLED SPECIAL DEMANDS OVER SUCH ISSUES AS VACATION, OVERTIME, WORKING CONDITIONS, ETC. EACH OF THESE MUST BE SEPARATELY ADDRESSED BY NEGOTIATORS IN PROCESS THAT SLOWS OVERALL PACE OF BARGAINING.

4. AT MOMENT, GENERAL STRIKE SOMETIME AFTER MAY 1 LOOMS AS DISTINCT POSSIBILITY. SUBSTANTIVE ISSUES DIVIDING PARTIES ARE VERY REAL BUT DOUBTLESS SUSCEPTIBLE TO COMPROMISE. MORE SIGNIFICANT, PERHAPS, IS APPARENT FEELING OF IFL THAT IT MUST MAKE MAXIMUM SHOW OF STRENGTH BEFORE YIELDING ON ANY OF ITS DEMANDS. WHILE THIS ATTITUDE IS PRIMARILY A PRODUCT OF DEEPLY SEATED RANK-AND-FILE UNHAPPINESS OVER WAGE/PRICE PICTURE, IT ALSO STEMS FROM FACT THAT IFL RULING HIERARCHY IS ON FIRING LINE AFTER DISPLAY OF POWER AT LAST FALL'S IFL CONGRESS BY RADICAL ELEMENTS EAGER TO DISCARD MODERATE LEADERS AND POLICIES IN FAVOR OF MORE MILITANT APPROACH (REYKJAVIK A-1, JANUARY 6, 1977).

5. BASIC CAUSE OF LABOR DISSATISFACTION NONETHELESS REMAINS ECONOMIC. THERE IS NO CURRENT EVIDENCE THAT PRESSURE ON IFL LEADERSHIP FROM RADICALS HAS REACHED POINT WHERE STRIKE, IF CALLED, WOULD BE CHIEFLY LIMITED OFFICIAL USE

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PAGE 03 REYKJA 00527 170018Z

POLITICALLY INSPIRED OR THAT IFL IS BENT ON TOPPLING CURRENT GOVERNMENT AS IS BEING URGED, FOR EXAMPLE, IN PEOPLES ALLIANCE PRESS.
BLAKE

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Message Attributes

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